



Office of Audit & Performance

Indianapolis

Gregory A. Ballard, Mayor

Indianapolis Metropolitan Police Department's Narcotics Cash Fund Reconciliations

Audited Entity:

Indianapolis Metropolitan Police Department's Narcotics Cash Fund Reconciliations

Final Report

January 2015

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INTRODUCTION

In accordance with City Ordinance Sec. 202-303, the Office of Audit & Performance (OAP) has conducted a review over the existing controls in place surrounding the Narcotics Cash Fund. We conducted our examination in accordance with generally accepted government auditing standards (GAGAS). Our conclusions and comments are based on documentation reviewed by us and representations made to us during the examination. All control and procedural weaknesses would not necessarily be disclosed in our review; however, those deficiencies and weaknesses we considered significant as a result of our review are disclosed herein. Department responses within this report were provided by the Narcotics Cash Fund Custodian.

AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

Per the request of the Indianapolis Metropolitan Police Department's (IMPD) Narcotics Division, the Office of Audit and Performance completed a reconciliation of buy/expense funds. The primary purpose of our review was to provide assurance for the accountability of monies issued. There are a total of five (5) narcotics squads and seven (7) crime units reimbursed for all buys/expenses through the Narcotics Cash Fund. The fund is subsequently reimbursed through IMPD Finance. The Office of Audit and Performance performed testing of IMPD's Narcotics Fund and the IMPD squads/unit(s) that are currently issued funds.

GENERAL CONCLUSION

Our review disclosed that the present overall practice and controls appear adequate with only minor concerns relating to items previously recommended in past examinations. The following recommendations are noted due to observations made by the Office of Audit and Performance and concerns raised by officers while in the field.

DISCUSSION ITEMS AND DEPARTMENTAL RESPONSES

DISCUSSION ITEM A – RECORDS OF EXPENDITURE PROCEDURES

A sample of 9 Records of Expenditures and 32 Receipts of Disbursements dated October 27, 2014 were reviewed for compliance to IMPD's Standard Operating Procedures (SOP). According to procedures, the date, amount spent, original sales receipt (when possible), case number and detailed description of the expenditure should be included, and were. The current form (IMPD 1-8-38) does include additional information requests that are not presently being completed. These areas are listed in the comment section and include: amounts returned, receipt number, comments, attachments, return of dollars to investigations, and copy of receipt. Although not required in the SOP it leaves the form's appearance as being incomplete.

Although not always practical, there were no receipts for purchases attached to the Records of Expenditures, and the descriptions were often repetitious.

RECOMMENDATION A

Standard Operating Procedures and the Records of Expenditures should be more tailored to reflect one another. Updates to the record form (IMPD 1-8-38) could remove ineffective data areas that are not being utilized or required according to SOPs.

When the possibility exists, receipts for purchases or services should be obtained and submitted with corresponding records.

DEPARTMENT RESPONSE

Currently, Form 1-8-38 works. But it could be improved to be more efficient. Lieutenant McCardia will examine the use of these, and work with supervisors from units, for help to determine a better system. Unit supervisors will be contacted and advised the need for receipts when possible, for hotel rooms and such. For many of the transactions, receipts are not possible.

DISCUSSION ITEM B – AUTHORIZED FUND BALANCE AND PROCEDURES

Prior audit examinations performed by the Office of Audit and Performance revealed an authorized fund balance of \$36,500, in which the designated commanding officer (custodian) could routinely total his/her ledger. Upon transfer of these responsibilities in December 9, 2014, the five narcotic squads and seven crime units brought forth their ledgers and individual banks, and were balanced, closed, and reissued with set dollar figures. The current administrator was not conveyed a set limit for which the controlling bank should be balanced. Upon our examination it was determined to contain an additional \$469.

From the six reconciliations performed, one commanding unit's ledger displayed only a running total of reimbursements without a ledger of detectives' book balances.

Established procedures for the custodian on reimbursement of receipts from the Finance Office had not been documented for another overseer to take over when necessary.

RECOMMENDATION B

We recommend reinstating an established dollar figure for which the commanding officer can reconcile for bank and ledger. Amount instituted, per department assessment, could reflect a denomination that will fulfill the purpose of the program, allowing them to proceed with day to day operations without frequent reimbursements of the Finance Office. Also, attention should be made by commanding officers of any receipts not remitted in a timely manner.

All squads/units commanding ledgers should maintain an individual listing of balances for each detective.

Recorded procedures detailing the necessary steps for monitoring the fund, as well as reimbursement from the Finance Office, should be created. Educating an additional management official would provide cross training to the position as well.

DEPARTMENT RESPONSE

The current dollar amount allotted in the "Bank" is \$9,964. The total amount allotted to all units combined is \$27,000. It will be requested to do a onetime draw of enough to bring the bank up to \$27,000 so every unit could be replenished if they all came in one week. This was suggested by the auditors as a good practice.

All unit commanders will be ordered to maintain an individual listing for each detective under their command.

Currently the process for obtaining money from Finance and the disbursement of funds is being created. A second person is being cross trained on this.

The bank's ledger has been converted to Excel. It is in process of being saved in the department hard drive with access to Lieutenant McCardia and his back up, Sergeant Scott.

DISCUSSION ITEM C – YEARLY RECONCILIATION OF FUND

Prior to our examination for 2014, various operational changes had taken place. Increases occurred in some unit's fund balances. There was the establishment of a new locality, and the removal of funds of prior units; as well. Proceeding events took place without traceable documentation reducing the reasoning base for set decisions. Reconciliation of all squads/units' had been performed in December upon the transfer of leadership to the current custodian; however, judgment to the level of fund dollars and the operations involved were brief in instruction.

RECOMMENDATION C

The Office of Audit and Performance recommends a reconciliation of the fund be performed each year end. Additionally, all units should perform reconciliation upon receiving an increase in funds to ensure their banks are balanced to their allotted fund balance. Any overages found during the reconciliations should be taken into account, when increasing the bank balance and the Districts should be balanced to their exact specified dollar amount. Any overages should be returned to IMPD Finance in order to maintain the fund balance. Documentation should be maintained by each unit regarding the increase in funds and include corresponding reconciliations.


DEPARTMENT RESPONSE

All units will be ordered to reconcile their books at least once a year. They will plan on this for December, with a goal to have OAP do a yearly review in January. Any changes in units will be documented in the Excel spreadsheet using officer ID numbers for changes in control of funds.

Signing below certifies that you have received, read, and acknowledge the audit report prepared above.



Karen Foreman, Auditor II
Office of Audit & Performance



Jennifer Janik, Acting Director
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Lieutenant Mark McCardia
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